

Low Documentation (Lo-Doc) OL Loan Processing Guide

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|---|--|--|---|
| NAME OF APPLICANT | | TYPE OF OPERATION | |
| CASE NUMBER | | REMAINGING YEARS OF ELGIBILITY | PRIORITY CONSIDERATION <input type="checkbox"/> <input checked="" type="checkbox"/> If YES |
| BEGINNING FARMER <input type="checkbox"/> Yes <input type="checkbox"/> No | SDA APPLICANT <input type="checkbox"/> SDA-Ethnic <input type="checkbox"/> SDA-Gender <input type="checkbox"/> No | ALSO INVOLVES <input type="checkbox"/> DALRS <input type="checkbox"/> Guarantee <input type="checkbox"/> Transfer <input type="checkbox"/> Subordination | |
| TOTAL LOANS REQUESTED \$ _____ OL \$ _____ Subordination \$ _____ FO \$ _____ EM | | | |
| LO-DOC TEST | | | |
| Yes | No | The applicant must: | |
| <input type="checkbox"/> | <input type="radio"/> | Be applying for an OL loan. | |
| <input type="checkbox"/> | <input type="radio"/> | Be current on all payments to all creditors including FSA. | |
| <input type="checkbox"/> | <input type="radio"/> | Have not received primary loan servicing or disaster set-aside on FSA debt within the past five years. | |
| <input type="checkbox"/> | <input type="radio"/> | Meet one of the following: (check appropriate box) <input type="checkbox"/> The requested loan is \$50,000 or less and the total OL indebtedness at the time of closing will be less than \$100,000 or <input type="checkbox"/> The loan requested is used to pay annual operating expenses and the applicant is an existing FSA borrower who received and repaid on schedule at least 2 annual OLs. | |
| ⇒ IF ANY ITEMS ABOVE ARE MARKED "NO", LOAN REQUEST CANNOT BE PROCESSED AS A LO-DOC LOAN ⇐ | | | |
| LOAN SUMMARY | | | |
| LOAN TYPE | ASSISTANCE CODE | INITIAL OR SUBSEQUENT <input type="checkbox"/> <input type="checkbox"/> | LIMITED RESOURCE RATE <input type="checkbox"/> <input checked="" type="checkbox"/> If YES |
| LOAN AMOUNT | INTEREST RATE | TERMS IN YEARS | DISBURSEMENT BY: <input type="checkbox"/> EFT <input type="checkbox"/> Check |
| PAYMENT SCHEDULED FOR PROPOSED LOAN \$ _____ on _____ \$ _____ on _____ \$ _____ on _____ \$ _____ on _____ \$ _____ on _____ \$ _____ on _____ \$ _____ on _____ and \$ _____ Due _____ Thereafter | | | |
| APPROVAL AUTHORITY: FLO, CED, FLN, DD, SED (Circle One) | | Unpaid Principal Balance: \$ _____ Amount of new Loan: \$ _____ Total: \$ _____ | |
| LOAN(S) PURPOSES: _____ | | | |
| TEST FOR OTHER CREDIT: <input type="checkbox"/> ASSESSMENT <input type="checkbox"/> EXHIBIT A - 1951-F <input type="checkbox"/> FORM FSA 1940-38 (EM) <input type="checkbox"/> REJECTION LETTERS | | | |
| FEASIBILITY TEST | LOAN TYPE | TDCLCR | ENDING CASH |
| | <input type="checkbox"/> TERM LOAN(S) | _____ [Must be Positive (1.00 or greater)] | _____ [Must be Positive] |
| | <input type="checkbox"/> ANNUAL OL(S) | _____ [May be Positive or Negative] | _____ [Must be Positive] |

| | | | |
|---|---------------|------------------|---------------------|
| TYPE OF LIEN SEARCH TO BE DONE (i.e. UCC, EFS, ASL, County Records, Title Report, Business Registry Search, etc.): | | | |
| SEARCHES TO BE DONE ON THE FOLLOWING NAMES (include individuals, assumed business names, corporation, partnership, LLC, etc.) | | | |
| SECURITY CONSIDERATIONS | | | |
| SECURITY TO BE TAKEN | LIEN POSITION | PRIMARY SECURITY | ADDITIONAL SECURITY |
| <input type="checkbox"/> Crops | | | |
| <input type="checkbox"/> Livestock | | | |
| <input type="checkbox"/> Equipment | | | |
| <input type="checkbox"/> Real Estate | | | |
| <input type="checkbox"/> Other: | | | |
| SECURITY IS ADEQUATE(?) <input type="checkbox"/> YES <input type="checkbox"/> NO | | | |
| LOAN TO VALUE CALCULATIONS: $[\text{LOAN VALUE} \div (\text{TOTAL EXISTING DEBT} + \text{PROPOSED LOAN})] \times 100$ OBTAIN THE VALUE FROM THE COLLATERAL ANALYSIS SECTION OF THE CREDIT PRESENTATION | | | |
| 150% RULE FOR D-OLs IS MET <input type="checkbox"/> NOT MET <input type="checkbox"/> | | | |
| UCC/EFS: List Security that is to be excluded on UCC/EFS-1 or the Amendment from standard language: | | | |
| CROPS TO BE LISTED ON EFS: | | | |
| COUNTRIES TO BE LISTED ON EFS: | | | |
| FARM BUSINESS PLAN REPORTS CONTAINED IN THE CASE FILE INCLUDING: <input type="checkbox"/> FARM ASSESSMENT <input type="checkbox"/> B.S. TRENDS <input type="checkbox"/> SIGNED INCOME EXPENSE TRENDS <input type="checkbox"/> CREDIT PRESENTATION <input type="checkbox"/> SIGNED B.S. SUMMARY <input type="checkbox"/> PRODUCTION TRENDS <input type="checkbox"/> OTHER: <input type="checkbox"/> B.S. SCHEDULES <input type="checkbox"/> SIGNED PROJ. ANNUAL, OR MONTHLY CASHFLOW <input type="checkbox"/> CHATTEL APPRAISAL (if Applicable) <input type="checkbox"/> INC / EXP SCHEDULES | | | |
| <input type="checkbox"/> PROPOSED LOAN CLOSING REQUIREMENTS COMPLETED IN PART IV | | | |
| RECOMMEND BY: DATE: | | | |
| APPROVAL OFFICIAL'S COMMENTS: | | | |
| <input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> Proposed closing requirements reviewed & completed in Part IV | | | |
| APPROVAL OFFICIAL'S SIGNATURE: DATE: | | | |

FARM LOAN PROGRAMS - LO-DOC OL DIRECT LOANS

APPLICANT'S NAME: _____

PART II ITEMS REQUIRED FROM APPLICANTS FOR A COMPLETE APPLICATION

| Date Received | By Whom | (Required for Lo-Doc OL Loan) |
|------------------|------------|--|
| _____ | _____ | (1) Written request for priority consideration from prevailing claimant under Consent Decree. (Date received) |
| _____ | _____ | (2) Exhibit A to 1910-A, Letter requesting information needed for a complete Farm Loan Program application. (Date sent to applicant) |
| _____ | _____ | (3) Form FSA 410-1, "Request For Direct Loan Assistance." |
| _____ | _____ | (4) If the application is from an entity (corporation, cooperative, partnership, joint operation, LLC, or trust): |
| _____ | _____ | (A) Complete list of all entity members including all persons involved in the entity showing address and percentage of co-ownership or beneficial interest. |
| _____ | _____ | (B) A current personal financial statement from each person involved in the entity. |
| _____ | _____ | (C) Bylaws, Articles of Incorporation, Partnership Agreement, Joint Operating Agreement, Articles of Incorporation, Operating Agreement, Trust Agreement, or Certification of Trust. |
| _____ | _____ | (D) If a corporation, registered partnership, or LLC, "Certificate of Current Registration" (Goodstanding) with Secretary of State's Office or equivalent copy of an internet business registry search. |
| _____ | _____ | (E) A resolution adopted by the board of directors, members, or stockholders authorizing specific officers of the corporation, cooperative, partnership, joint operation, or LLC managers to apply for and obtain the desired loan, and execute the required debt, security and other instruments. |
| _____ | _____ | (5) Form FSA 2037, "Farm Business Plan Worksheet – Balance Sheet." |
| _____ | _____ | (6) Form FSA 2038, "Farm Business Plan Worksheet – Projected Income and Expense." |
| _____ | _____ | (7) Form AD 1026A, attached to either Form AD 1026 or AD 1026-U and completed by FSA. Required only if changes have occurred on prior year's AD 1026 and 1026-U. |
| _____ | _____ | (8) Form NRCS-CPA-026E, "Highly Erodible Land and Wetland Conservation Determination," completed by NRCS for HEL and wetlands referrals required by Form AD 1026A. Location of NRCS-CPA-026E: _____ Borrower Case File: _____ Tract File: _____ |
| _____ | _____ | (9) "Authorization to Release Information," Exhibit 1 to Oregon Notice FLP-47, unless on file. |
| _____ | _____ | (10) Provide a credit report fee of \$ _____ payable to FSA. |
| _____ | _____ | (11) Form SF 3881, "ACH Vendor/Miscellaneous Payment Enrollment Form," voided check or SF-1199A, "Direct Deposit Sign-up Form," if already on file for electronic funds transfer disbursements. |

(12) _____ Form CCC-10 for everyone executing the promissory note and for those having an ownership interest in the chattel security that have not signed Form FSA 410-1 with a revision date of 9-14-01 or later.

ADDITIONAL ITEMS THAT MAY BE REQUIRED BY THE CREDIT OFFICIAL

(13) _____
(14) _____
(15) _____
(16) _____

After receipt of ALL completed forms and information required of the applicant and the credit report is received from the credit bureau, the application will be considered complete. The FSA approval or disapproval must be given within 60 days of this date.

PART III FSA ACTION AFTER RECEIPT OF FORM FSA 410-1

Date Received By Whom

(1) _____ When Form FSA 410-1 is received, complete Item 28 A of Form FSA 410-1 and enter in MAC.

(2) _____ Immediately provide the applicant with Form FSA 2300, "Notice of Farm Loan Programs Application Received," if the application is hand delivered or mail to applicant within 2 business days of receipt.

(3) _____ Review ADPS civil rights database for listing & entitlement when priority consideration requested. Place copy of screen in applicant's file, Position 3.

(4) _____ Check Item 26 of Form FSA 410-1 for identified relationship or association with FSA employees. For those identified sent Guide Letter 1900-D-2.

(5) _____ Update SCIMS for the applicant, all co-applicants, and all members of an entity applicant (if applicable). Update name and address flag with a "Y" for FLP.

(6) _____ Review the FSA computer databases to determine any previous debt forgiveness, past FSA loan history, and credit worthiness. Place copies of screens in applicant's file, Position 3. (Required for new applicants). Include the following:

Current/past debt inquiry system

Borrowers cross-reference inquiry system

Farm Programs claims report

(6) _____ Cross-check FSA records to verify DCP, LDP, MILC, and other FSA payments.

(7) _____ CAIVRS report order for applicant(s) and all individual members of entities.

(8) _____ If all of the required application forms have NOT been received, send FmHA Guide Letter 1910-A-1 (20 day letter) to the applicant and request forms and information needed within 10 days after receipt of an application.

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|-------|-------|---|
| _____ | _____ | (9) If the necessary information is not received from the applicant within 20 calendar days after the date of the first notification of an incomplete application, send FmHA Guide Letter 1910-A-2 (10 day letter) (copy to DD) requesting the needed information for a complete application. |
| | | _____ If no response, withdraw application & indicate in MAC |
| | | _____ If only a portion of the information provided, withdraw application & send the applicant a letter confirming application was withdrawn with the EOCA statement and post to MAC. |
| _____ | _____ | (10) Obtain unofficial lien search on applicant, assumed business names, etc. |
| _____ | _____ | (11) Obtain unofficial business registry search on assumed business names, entities, etc. |
| _____ | _____ | (12) Order credit report. |
| _____ | _____ | (13) Credit report received, if ordered. |
| _____ | _____ | (14) CAIVRS report received. Place report(s) in Position 3 of the case file. |
| _____ | _____ | (15) Input required information on the EFT database system for electronic disbursements unless waived by credit official. |
| _____ | _____ | (16) 14-day PreNote Status check for EFT disbursements. |

ADDITIONAL ITEMS THAT MAY BE REQUIRED BY THE CREDIT OFFICIAL

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|-------|-------|--|
| _____ | _____ | (17) Mail Form FSA 440-32, "Verification of Debts and Assets," to other creditors. Form FSA 440-32 is not required to be sent to a creditor when FSA has verified the debt and collateral by telephone and the phone call is documented on Form FSA 440-32. Nor are they required when the applicant provides a copy of the latest monthly statement from the creditor and all necessary information is on that statement. |
|-------|-------|--|

(Optional Tracking)
Creditor Name

Date Form FSA 440-32 Returned

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PART IV FSA ACTIONS AFTER RECEIPT OF COMPLETED APPLICATION

After receipt of **ATL** completed forms and information required of the applicant and if the credit report is received from the credit bureau, the application will be considered complete. FSA approval or disapproval must be given within 60 days of this date.

| | Date Received | By Whom | |
|-------------------------------------|---------------|---------|--|
| (1) | _____ | _____ | Document here the date of complete application, post this date in MAC, and complete Item 31 B of Form FSA 410-1. <u>This is the date the last required document is received</u> including the verification of all debts. |
| DATE OF COMPLETE APPLICATION: _____ | | | |
| (2) | _____ | _____ | Notify the applicant that a complete application has been received by sending FmHA Guide Letter 1910-A-3. |
| (3) | _____ | _____ | Credit official to complete eligibility certification and borrower training requirements on the Credit Presentation of the Farm Business Plan system within 30 days of a complete application. |
| (4) | _____ | _____ | Within 5 days after the eligibility determination, notify the applicant of the eligibility determination and training requirements. |
| (5) | _____ | _____ | Date of Last Field Visit (one must have been done within the last year): _____ |
| (6) | _____ | _____ | For chattel loans: If debts are to be refinanced or if an initial applicant or if existing appraisal exceeds 2 years, prepare Form FSA 440-21, "Chattel Appraisal Property." |
| | _____ | _____ | Post WLS 4061 to MAC for contracted chattel appraisal. |
| | _____ | _____ | Post WLS 4060 to MAC for appraisal completed by FSA. |
| (7) | _____ | _____ | Complete 5 year history in the Farm Business Plan system including balance sheets, income and expenses, and production data, if available. (Optional) |
| (8) | _____ | _____ | For real estate secured loans with real estate as primary security, order a real estate appraisal. |
| (9) | _____ | _____ | Real estate appraisal report received. |
| | _____ | _____ | Post WLS 5002 to MAC for contracted RE appraisal. |
| | _____ | _____ | Post WLS 4062 to MAC for appraisal completed by FSA. |
| (10) | _____ | _____ | Review and revise Forms FSA 2037 and 2038 and other components in the Farm Business Plan as needed with the Applicant. Ensure that all reports are complete, dated, and signed as applicable. |
| (11) | _____ | _____ | Obtain signatures and funds for lien filings and official searches (State/County) if approval appears likely. |
| (12) | _____ | _____ | Complete written analysis of the feasibility of the operation by use of attached farm assessment including yields and prices. |
| (13) | _____ | _____ | Document the availability of other credit through the use of Exhibit A to FmHA Instruction 1951-F. |
| (14) | _____ | _____ | Complete record-keeping checklist (Exhibit I to Oregon Notice FC-16). |

- _____ (15) Complete Form FSA 1962-1, "Agreement For the Use of Proceeds/Release of Chattel Security." The period covered by the 1962-1 must match the planned period of the projected Income/Expense Summary and must be in ink.
- _____ (16) Prepare Form FmHA 1940-22, "Environmental Checklist for Categorical Exclusions." Complete Form FmHA 1940-21, "Environmental Assessment for Class 1 Action," or a Class II Assessment, if appropriate.
- _____ (17) Complete Environmental Justice review as required by Notice EQ-110 by including an attachment to Form FmHA 1940-22, with the following statement if no adverse effect was found, "In completing the Environmental Justice compliance review for the proposed project, it was determined that there is no disproportionate high and adverse human health or environmental effects, including social and economic, of programs, policies, or activities on minority populations and low income populations including American Indian tribal populations."
- _____ (18) Prepare FEMA Form 81-93, Standard Flood Hazard Determination, for loans where real estate is taken as security (may be attached to RE appraisal report.)
- _____ (19) Prepare and complete Form FSA 851, "Environmental Risk Survey Form," when real estate is taken as security. Post WLS 7000 to MAC.
- _____ (20) Notify applicant of approval by sending Form FmHA 1940-1, "Request for Obligation of Funds." If disapproved, prepare letter with appeal rights. List security requirements and loan purpose on the back of Form FmHA 1940-1.
- _____ (21) Review with the applicant the 14 items of understanding as required by FmHA Instruction 1910-A, Section 1910.8(c).
- _____ (22) Update Form FSA 410-1 (if necessary) to match the amount of the approved loan and obtain the applicant's initials.
- _____ (23) If loan is approved, send Exhibit C of 1910-A, "Farmer Program Borrower Responsibilities."
- _____ (24) If highly erodible lands and wetlands are present, send Guide Letter 1940-G-1 to applicant with Form FmHA 1940-1.
- _____ (25) If loan funds are not available within 15 days of loan approval, write a letter to the applicant explaining the situation, advising that the application will be held until the funds are available. This letter must be sent by certified mail, return receipt.
- _____ (26) Complete Form FSA 1924-23, "Agreement To Complete Training," if form not previously completed or waiver granted.
- _____ (27) Complete proforma classification and print summary page for case file.
- _____ (28) If loan is made to an existing borrower, include a recent copy of the 540 Report (redacting all other borrowers' information) reflecting no PLS or DSA for last 5 years.

CLOSING REQUIREMENTS

| Date | Check if | Obtained | Required |
|------|----------|----------|--|
| | | | <input type="checkbox"/> UCC-1 and EFS-1 (Secretary of State) |
| | | | <input type="checkbox"/> Financing Statement (fixtures) UCC-1 (County) |
| | | | <input type="checkbox"/> Financing Statement (fixtures) UCC-1 (Secretary of State) |
| | | | <input type="checkbox"/> UCC and EFS Lien Search (Secretary of State) required if a lien search is not currently in the file, or any time that crops are added. |
| | | | <input type="checkbox"/> Amend or Continue Financing Statement (Secretary of State) |
| | | | <input type="checkbox"/> Amend or Continue Financing Statement (County) |
| | | | <input type="checkbox"/> Crop Insurance/Assignment of Indemnity |
| | | | <input type="checkbox"/> Update EFT database for electronic funds transfer |
| | | | <input type="checkbox"/> Supervised Bank Account: Form RD 402-1, "Deposit Agreement," Signature Card, Blank Check Booklet, Deposit Slip and Check, RD FmHA 402-2, "Supervised Bank Account Sheet" (1902-A). Name of Bank _____ |
| | | | <input type="checkbox"/> Obtain Title to Vehicles, Trailers Specify: _____ |
| | | | <input type="checkbox"/> FSA Assignment Specify: _____ DCP _____ CRP _____ MILC _____ LDP _____ Other: _____ Post to MAC (WLS 4083) |
| | | | <input type="checkbox"/> Obtain Brand Card for File |
| | | | <input type="checkbox"/> Brand Certificate, Bill of Sale |
| | | | <input type="checkbox"/> Machinery Bill of Sale |
| | | | <input type="checkbox"/> Restructuring, Reamortization and Extension Agreement |
| | | | <input type="checkbox"/> Preliminary Title Report |
| | | | <input type="checkbox"/> Insurance: Fire and extended coverage () Flood () Chattels () Other () |
| | | | <input type="checkbox"/> Title Insurance (mortgagees policy) |
| | | | <input type="checkbox"/> Form RD 426-2, "Property Insurance Mortgage Clause," or equivalent loss clause |
| | | | <input type="checkbox"/> Form FSA 440-13, "Report of Lien Search" (County) |
| | | | <input type="checkbox"/> Form FSA 440-4A, "Security Agreement" |
| | | | <input type="checkbox"/> Form RD 440-15, "Security Agreement" (if no crops or livestock) |
| | | | <input type="checkbox"/> Form FSA 441-5, "Subordination Agreement" if required from other lienholders to FSA |
| | | | <input type="checkbox"/> Form FSA 441-8, "Assignment of Proceeds from the Sale of Agricultural Products" |
| | | | <input type="checkbox"/> Form FSA 441-10, "Nondisturbance Agreement" |
| | | | <input type="checkbox"/> Form FmHA 441-12, "Agreement for Disposition of Jointly Owned Property" |
| | | | <input type="checkbox"/> Form FSA 441-18, "Consent to Payment of Proceeds from Sale of Agricultural Products" |
| | | | <input type="checkbox"/> Form FSA 441-25, "Assignment of Proceeds from the Sale of Dairy Products and Release of Security Interest" |
| | | | Who Assignment to: _____ |
| | | | Amount of Assignment: \$ _____ |
| | | | <input type="checkbox"/> Form FmHA 1927-1 OR, "Real Estate Mortgage" (on all real property and fixtures) |
| | | | <input type="checkbox"/> Form RD 1927-4, "Transmittal of Title Information" |
| | | | <input type="checkbox"/> Form FSA-OR 1927-5, "Subordination Agreement in Favor of the Government" |
| | | | <input type="checkbox"/> Form FSA-OR 1927-8, "Contract Modification" |
| | | | <input type="checkbox"/> Form RD 1927-15, "Loan Closing Instructions/Loan Closing Statement" |
| | | | <input type="checkbox"/> Form FSA 1940-17, "Promissory Note" |
| | | | <input type="checkbox"/> Form FS 220-13, "Escrow Waiver of Term Grazing Privileges" (Forest Service permits) |
| | | | <input type="checkbox"/> BLM Notice of Lienholders Interest (BLM permit) |

OTHER FORMS THAT MAY BE REQUIRED

- _____ () Form RD 440-9, "Supplementary Payment Agreement"
- _____ () Form FSA 440-26, "Consent and Subordination Agreement"
- _____ () Form FSA 440-34, "Option to Purchase Real Property"
- _____ () Form FSA 440-35, "Acceptance of Option"
- _____ () Form RD 440-58, "Estimate of Settlement Costs"
- _____ () Form FSA 441-10, "Nondisturbance Agreement"
- _____ () Form FSA 441-13, "Division of Income and Nondisturbance Agreement"
- _____ () Form FSA 441-17, "Certification of Obligation to Landlord"
- _____ () Form FSA 441-18 "Consent to Payment of Proceeds from Sale of Agricultural Products"
- _____ () Form RD 443-16, "Assignment of Income from Real Estate Security"
- _____ () Form FmHA 443-17, "Agreement to Sell Nonessential Real Estate"
- _____ () Form RD 1940-20, "Request for Environmental Information"
- _____ () Form RD 1940-21, "Environmental Assessment for Class I Action"
- _____ () Form FSA 1940-38, "Request for Lender's Verification of Loan Application"
- _____ () Form FSA 1940-51, "Crop-Share-Cash-Farm Lease"
- _____ () Form FSA 1940-53, "Cash Farm Lease"
- _____ () Form FSA 1940-55, "Livestock-Share Farm Lease"
- _____ () Form FSA 1940-56, "Annual Supplement to Farm Lease"
- _____ () Form RD 1940-59, "Settlement Statement"
- _____ () _____
- _____ () _____
- _____ () _____

FOLLOW UP AFTER CLOSING

Date By
Completed Whom

- _____ Post and update MAC workload scheduling including follow-ups for analysis, LR reviews, UCC/EFS continuations, field visits, etc.
- _____ Post to MAC from the Key Management Goals section of the Farm Assessment and the Running Record
- _____ Post Installment Information to MAC
- _____ Follow up to obtain copies of termination statements
- _____ Follow up of Return of Vehicle Titles from DMV or Lienholders
- _____ Post MAC with 10 month follow up for new 1962-1
- _____ Input 8M ADPS transaction (Limited Resource Review)
- _____ Complete the Borrower Classification & input 8N ADPS transaction; post WLS 4001 to MAC
- _____ Post Borrower Training to MAC
- _____ Post Assessment to MAC
- _____ Post Record Keeping Tally Card
- _____ Update civil rights database (State Office only)
- _____ _____
- _____ _____
- _____ _____
- _____ _____

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